

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ISO-00 CIAE-00 PM-07 H-03 INR-11

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-03 XMB-07 OPIC-12

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 3/31/75

TAGS: EADN EFIN, BP

SUBJECT: PROPOSED TECHNICAL ASSISTANCE (TA) FOR BEEF CATTLE
DEVELOPMENT PROGRAM PROJECT (BRITISH SOLOMON ISLANDS)

SUMMARY: ADB MANAGEMENT PROPOSES US\$150,000 EQUIVALENT GRANT
TO BRITISH SOLOMON ISLANDS TO FINANCE FOREX COST OF MARKET
STUDY (PHASE I) AND FEASIBILITY STUDY (PHASE II) OF A BEEF
CATTLE DEVELOPMENT PROGRAM. USADB RECOMMENDS FAVORABLE
NAC ACTION.

1. ADB DOC. R81-74 WITH ATTACHMENTS DESCRIBING PROPOSED
GRANT POUCHES ADDRESSEES AUG. 21. BOARD CONSIDERATION
LIKELY SEPT. 10

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2. ADB MANAGEMENT PROPOSING US\$150,000 GRANT TO BRITISH SOLOMON ISLANDS PROTECTORATE. PROCEEDS WILL FINANCE FOREX COST OF A TWO-PHASED STUDY TO DETERMINE POSSIBLE DOMESTIC AND EXPORT MARKETS FOR LIVE CATTLEN BEEF AND BEEF BY-PRODUCTS (PHASE I) AND TECHNICAL, FINANCIAL AND INSTITUTIONAL FEASIBILITY OF A BEEF CATTLE DEVELOPMENT PROGRAM (PHASE II), SHOULD APPROPRIATE MARKET DEMAND BE ESTABLISHED.

3. BRITISH SOLOMON ISLANDS, AT EARLY STAGE OF ECONOMIC DEVELOPMENT, ARE HEAVILY RELIANT UPON AGRICULTURE WITH COPRA, OIL PALMS, TIMBER AND CANNED FISH MAIN SOURCE OF FOREX EARNINGS WHILE RICE, TARO, SWEET POTATO, CASSAVA, MAIN FOOD CROPS. SOIL AND CLIMATE MOST ISLANDS IN PROTECTORATE DEEMED SUITABLE FOR DEVELOPMENT OF PASTURAGE.

4. LOW POPULATION DENSITY, EXISTING AGRICULTURAL PRACTICES USING TWO SYSTEMS - SUBSISTENCE FARMING BY SHIFTING CULTIVATION ON CUSTOMARY LAND AND COMMERCIAL FARMING ON ALIENATED LAND, PERMIT EXPANSION IN AGRICULTURE. LAND AREA NOW REQUIRED FOR FOOD CROPS DUE TO SHIFTING CULTIVATION PRACTICES 400,000 ACRES ALTHOUGH ONLY 50,000 TO 60,000 ACRES PLANTED YEARLY WITH BALANCE LYING FALLOW. GIVEN AVAILABLE LAND RESOURCES AND EXISTING PRACTICES, CONSIDERABLE SCOPE EXISTS FOR INCREASED AG PRODUCTION.

5. GOVT GOAL OF REDUCING DEPENDENCY ON EXTERNAL FINANCIAL SUPPORT OF UK GOVT, BEING SOUGHT THROUGH DEVELOPMENT ANIMAL HUSBANDRY, AG, FORESTRY, FISHERIES AND MINERAL RESOURCES. CATTLE DEVELOPMENT PROGRAM, INCLUDED IN PROTECTORATE'S NATIONAL SIXTH DEVELOPMENT PLAN, 1971-74, LAID BASIS TO ESTABLISH MODERN CATTLE PRODUCTION, CASH ECONOMY AND NUCLEUS OF CATTLE HERD, ESPECIALLY EVIDENCED BY FARMERS PREPARING LAND FOR PASTURAGE AND SMALLHOLDERS COMBINING TOWARD LARGER COMMUNAL FARMS TO ESTABLISH BIGGER HERDS GAINING ECONOMIES OF SCALE. PROJECT GIVEN HIGH PRIORITY IN THE SEVENTH PLAN. GOVT HAS IDENTIFIED AREAS SUITABLE FOR FURTHER CATTLE DEVELOPMENT. EXCEPT FOR SOME TUBERCULOSIS ON RUSSELL ISLANDS NOW BEING ERADICATED INTERNAL PARASITES AND BUFFALO FLY, PROTECTORATE CONSIDERED VIRTUALLY DISEASE-FREE AND WITH QUARANTINE MEASURES, HIGH ANIMAL HEALTH STANDARDS CAN BE LIMITED OFFICIAL USE

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MAINTAINED.

7. PROPOSED STUDIES, ESTIMATED TO COST \$150,000 FOR BOTH PHASES WOULD BE UNDERTAKEN BY CONSULTANT FIRM FULLY EXPERIENCED IN FIELDS OF TROPICAL BEEF PRODUCTION AND MARKETING; WOULD INCLUDE EXPERTS IN SUCH FIELDS AS ANIMAL PRODUCTION, MARKETING, HEALTH, PROCESSING AND PASTURE AGRONOMY. PHASE I OF PROPOSED STUDY WOULD BE MAINLY ANALYSIS OF MARKET AND MEAT PRODUCTION

POTENTIAL, WHILE PHASE II WOULD CONSIST OF COMPREHENSIVE STUDY AT FEASIBILITY LEVEL, TO BE UNDERTAKEN ONLY AFTER MARKET GROWTH PROSPECTS FOR PROTECTORATE'S CATTLE AND BEEF INDUSTRY HAD BEEN ASCERTAINED.

8. PHASE I WOULD EXAMINE, INTER ALIA PROJECTED DOMESTIC AND EXPORT MARKETS; CURRENT AND PROJECTED PRICES; TARIFFS, QUOTAS AND OTHER POLICIES AFFECTING IMPORTS IN POSSIBLE MARKETS; TRANSPORTATION, BUTCHERING, PROCESSING, FREEZING AND CANNING FACILITIES AND CAPACITIES PLUS RECOMMENDED SCALE OF OPERATIONS.

9. PHASE II WOULD EXAMINE ALL TECHNICAL, ECONOMIC, FINANCIAL, AND INSTITUTIONAL ASPECTS, INCLUDING INFRASTRUCTURE FACILITIES (WHARVES, BARGES, HOLDING GROUNDS, SLAUGHTER HOUSES, PROCESSING FACILITIES, ETC.) INCLUDING ESTIMATES OF FOREX AND LOCAL COSTS. GOVT TO PROVIDE LOCAL FACILITIES AND COUNTERPART TEAM FOR STUDY, WITH DEPT OF AGRICULTURE AS EXECUTING AGENCY. IN EVENT A LOAN PROJECT IS FORMULATED AS THE OUTCOME OF THIS TA AND A BANK LOAN RESULTS, THE AMOUNT OF THE PROPOSED TA EXCEEDING \$100,000 WILL BE CONVERTED INTO THE LOAN. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION. REQUEST AMEMBASSY CANBERRA'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972. SULLIVAN

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